

Message Text

LIMITED OFFICIAL USE

PAGE 01 TEHRAN 00345 110750Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 COME-00 L-03 TRSE-00 CIAE-00
INR-07 NSAE-00 XMB-02 FRB-03 OMB-01 /035 W
-----114762 111258Z /42
R 110710Z JAN 78
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 6328

LIMITED OFFICIAL USE TEHRAN 00345

E.O. 11652: N/A
TAGS: EFIN, IR
SUBJ: BANKING-POSSIBLE CITIBANK WITHDRAWAL FROM
IRANIANS BANK

REF: TEHRAN 10433

1. CITIBANK'S COUNTRY DIRECTOR FOR IRAN TIMOTHY KELLEY CONFIRMS THAT CITIBANK IS STILL LOOKING FOR A BUYER FOR ALL OR MOST OF ITS 35 PERCENT EQUITY IN THE IRANIANS BANK. NEGOTIATIONS WITH BANK OMRAN, REPORTED BY REFTEL, HAVE BOGGED DOWN OVER THE ISSUE OF SHARE PRICE. CITIBANK HAS EXTENDED ITS APPROACHES BEYOND BANKS TO INDIVIDUALS, WHILE KEEPING THE CENTRAL BANK OF IRAN APPRISED AND AT LEAST NEUTRAL IN THE ISSUE, THE NEW MANAGEMENT OF IRANIANS BANK IS REPORTEDLY MIFFED OVER WHAT IT TERMS CITIBANK'S PANDERING ITS SHARES "ALL OVER TOWN," PREFERING THAT CITIBANK LET IT SEEK THE NEW BUYER.

2. KELLEY MAINTAINS THAT THE DECISION TO SELL ALL OR MOST OF ITS EQUITY IS CONSISTENT WITH WORLDWIDE BANK POLICY OF DIVESTING WHERE CITIBANK LACKS EITHER 51 PERCENT EQUITY OR MANAGEMENT CONTROL. IT HAS IN THE LAST TWO YEARS SOLD SHARES IN SOME SIX OR SEVEN FOREIGN BANKS WHERE IT HELD LESS THAN A MAJORITY AND ITS POSITION HERE IS PROBABLY UNIQUE. CITIBANK'S AFFINITY WITH DR. EBTEHAJ, THE PREVIOUS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TEHRAN 00345 110750Z

CHAIRMAN, WHO ORIGINALLY HELD 16 PERCENT OF SHARES (DIMINISHED ULTIMATELY TO 14 PERCENT), PROVIDED DE FACTO CONTROL. ADDITIONALLY, BY AGREEMENT, CITIBANK FILLS THREE OR FOUR OFFICER POSITIONS OF THE BANK, TREASURER, OPERATIONS AND CREDIT, WHICH PROVIDES SOME IMPACT AND, IN THE CASE OF SIGNIFICANT CREDITS HAS A VETO POWER. THE NEW MAJORITY OWNER, YAZDANI, WITH 52 PERCENT, CHANGES THIS

EQUITY CONTROL AND EBTEHAJ'S DEPARTURE REMOVES HIS STRONG INFLUENCE, WHICH CITIBANK GENERALLY FOUND COMPATIBLE WITH ITS INTERESTS. THUS, WHILE THE PROPOSED SALE MAY BE EXPLAINED AS BEING CONSISTENT WITH CITIBANK POLICY, THE DECISION TO SELL NOW WAS DEFINITELY PROMPTED BY THE CHANGE IN IRANIANS BANK OWNERSHIP AND MANAGEMENT. NO DOUBT, THERE ARE OTHER FACTORS IN THE RELATIONSHIP WHICH ALSO BEAR ON THE DECISION.

3. WHETHER CITIBANK WITHDRAWS COMPLETELY OR RETAINS 8 TO 10 PERCENT EQUITY, WHICH AS REPORTED IN REFTEL WOULD BE TREATED MERELY AS A PORTFOLIO INVESTMENT AND PROBABLY NOT QUALIFY IRANIANS BANK AS A CITIBANK AFFILIATE, DEPENDS UPON THE CHARACTER OF THE BUYER. IN ANY EVENT, IT APPEARS THAT IT IS ONLY A MATTER OF TIME BEFORE THIS PROMINENT US JOINT BANK VENTURE DISSOLVES.
SULLIVAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TEHRAN00345
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780016-0391
Format: TEL
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780174/aaaacktr.tel
Line Count: 79
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 29408be4-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 TEHRAN 10433
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3791350
Secure: OPEN
Status: NATIVE
Subject: BANKING-POSSIBLE CITIBANK WITHDRAWAL FROM IRANIANS BANK
TAGS: EFIN, IR
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/29408be4-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014